

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	
FILING OF AUXIER ROAD GAS)	CASE NO. 10288-F
COMPANY, INC.)	

O R D E R

On April 10, 1991, the Commission issued its Order in Case Nos. 10288-D and 10288-E approving the gas cost adjustment ("GCA") clause of Auxier Road Gas Company, Inc. ("Auxier"). The clause allowed for the quarterly adjustment in rates as set forth herein.

On May 14, 1991, Auxier filed its quarterly GCA, in compliance with the Commission's Order, for the remainder of the quarter that otherwise would have been effective on and after April 1, 1991. On June 27, 1991, Auxier filed information pursuant to the Commission's Order of June 13, 1991.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Auxier's notice of May 14, 1991 set out certain revisions in rates which Auxier proposed to place into effect, said rates being designed to pass on to its customers the wholesale decrease in gas costs from its suppliers. In calculating its wholesale decrease, Auxier misstated its wholesale purchases and sales for the 12 months ended December 31, 1990. Correcting for this error results in an expected gas cost for Auxier in the amount of \$3.2843.

2. Auxier's notice set out no refund adjustment.

3. Auxier's notice included a current quarter actual adjustment. While the actual adjustment should not be used to reconcile over- or under-recovery of gas cost experienced before Auxier's GCA clause was approved, Auxier has been authorized to include a "recovery factor" in its rates to reconcile differences between Auxier's actual gas cost and the gas cost recovered.¹ The recovery factor and actual adjustment are synonymous; hence, Auxier should be allowed to include an actual adjustment.

4. Auxier proposed an actual adjustment in the amount of (18.133) cents per Mcf. Auxier based its adjustment solely on gas purchase volumes. In the instant case, Auxier's line loss is negative. The Commission did not provide for negative line loss in the forms prescribed for Auxier's GCA applications. Auxier should use actual purchase volumes and actual sales volumes in its actual adjustment computation. Auxier's actual adjustment should be (19.603) cents per Mcf, including an actual adjustment for the reporting period of 0.47 cents per Mcf.

5. Auxier's notice included a balance adjustment for the reporting period. This amount should not have been included. The balance adjustment may not be used to reconcile over- or under-recoveries of gas cost experienced before Auxier's GCA clause was approved.

¹ Case No. 10288-A, In the Matter of the Notice of Purchased Gas Adjustment Filing of Auxier Gas Company, Inc., Order dated February 28, 1989.

6. The combined effect of the above adjustments, as corrected, is Auxier's gas cost recovery rate ("GCR") in the amount of \$3.0883 per Mcf, which is a decrease of 3.69 cents per Mcf from its last effective rates.

7. Auxier's corrected adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case Nos. 10288-D and 10288-E dated April 10, 1991 is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after April 10, 1991.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Auxier be and they hereby are denied.

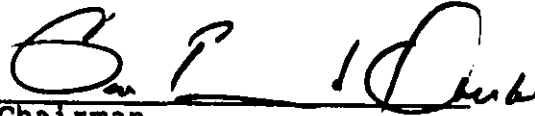
2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are approved effective with service rendered on and after April 10, 1991.

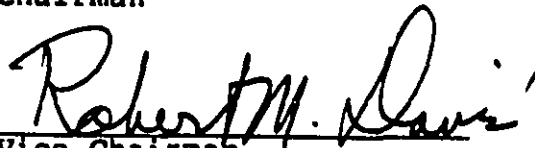
3. Within 30 days of the date of this Order, Auxier shall file with this Commission its revised tariffs setting out the rates authorized herein.

4. Within 30 days of the date of this Order, Auxier shall file with this Commission a revision to the prescribed filing forms to provide for negative line loss.

Done at Frankfort, Kentucky, this 1st day of July, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10288-F DATED 7/01/91

The following rates and charges are prescribed for the customers served by Auxier Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf (Minimum Bill)	\$5.11	\$3.09	\$8.20
All Over 1 Mcf Per Mcf	4.2599	3.0883	7.3482